

BUILDING A BETTER SYSTEM FOR OLDER ADULTS

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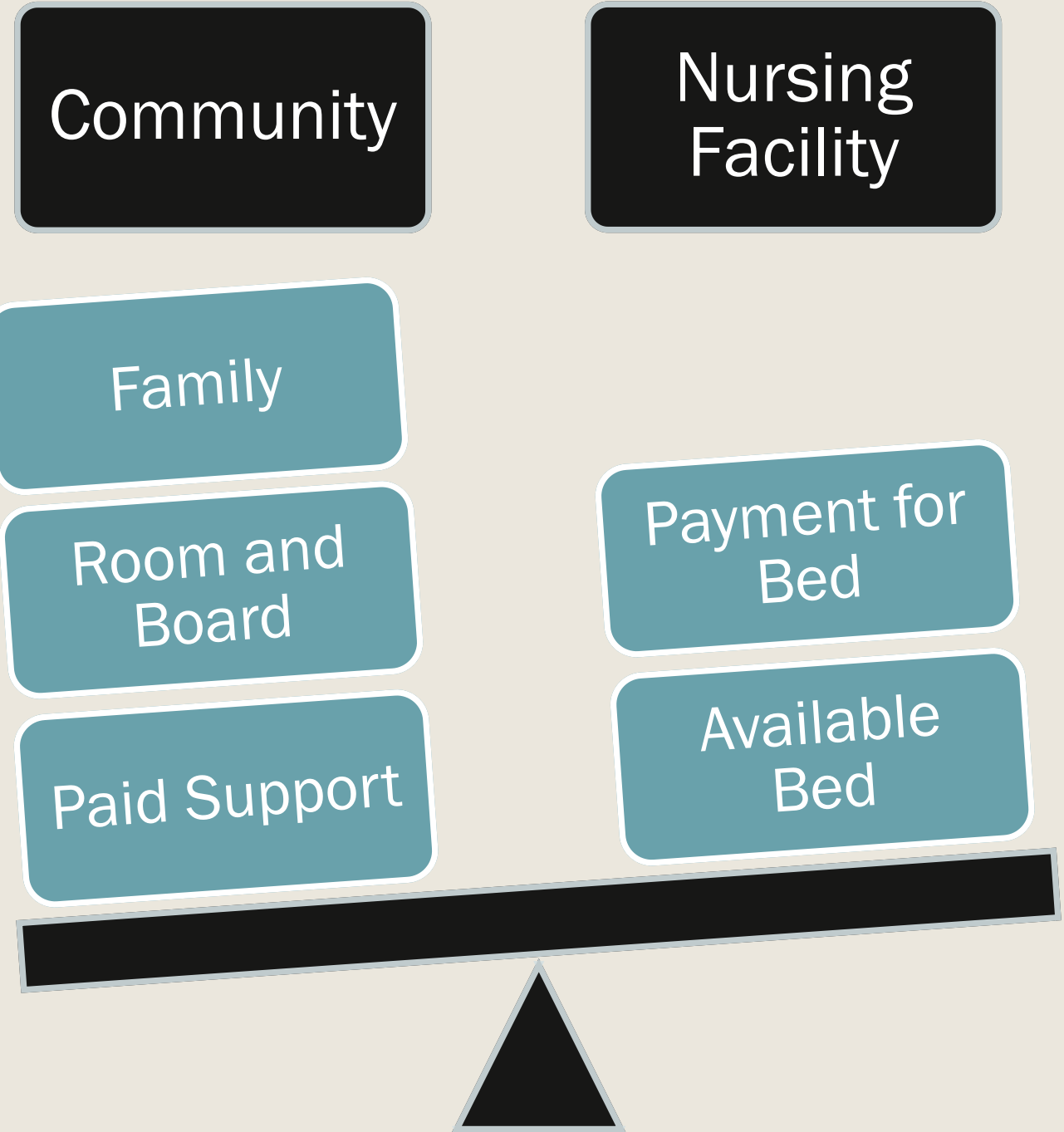
What do I know

- HCBS policy and regulations at the state and federal levels
- Program operations at the state and local level



Lessons from the presenters

- Most people are at risk of having to rely on Medicaid if they need LTSS
 - *“Only About One in Four Older Adults with Severe LTSS Needs Have Enough Income to Fully Finance Paid Home Care”*
- Fewer people go into nursing facilities if:
 - *HCBS is a realistic option*
 - Supports are adequate
 - People are eligible
 - *There are few nursing facility beds*
- Even if these conditions are met, a nursing facility may be the only option if the person doesn't have enough money for basic necessities (food, shelter, etc.)



Medicaid limitations can increase nursing facility use and decrease cost-effectiveness



Requirement to provide NF, but not HCBS

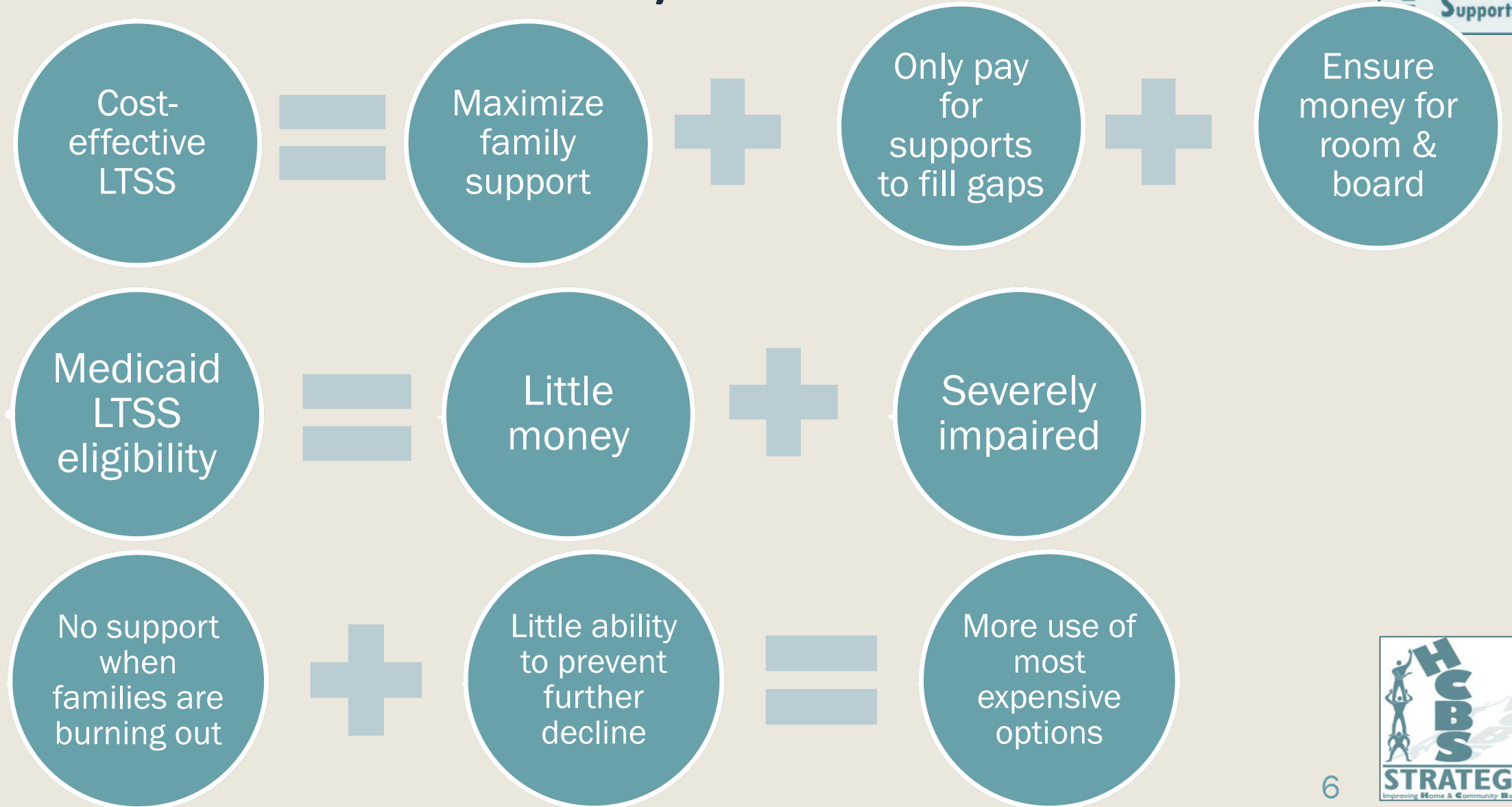
Rigid Financial Eligibility Criteria

Tying HCBS to NF-Level of Care

Lack of Support for Family



Why these limitations make it difficult to build cost effective system



Principles for a more cost-effective LTSS system

*Brainstorming
about building a
better system*

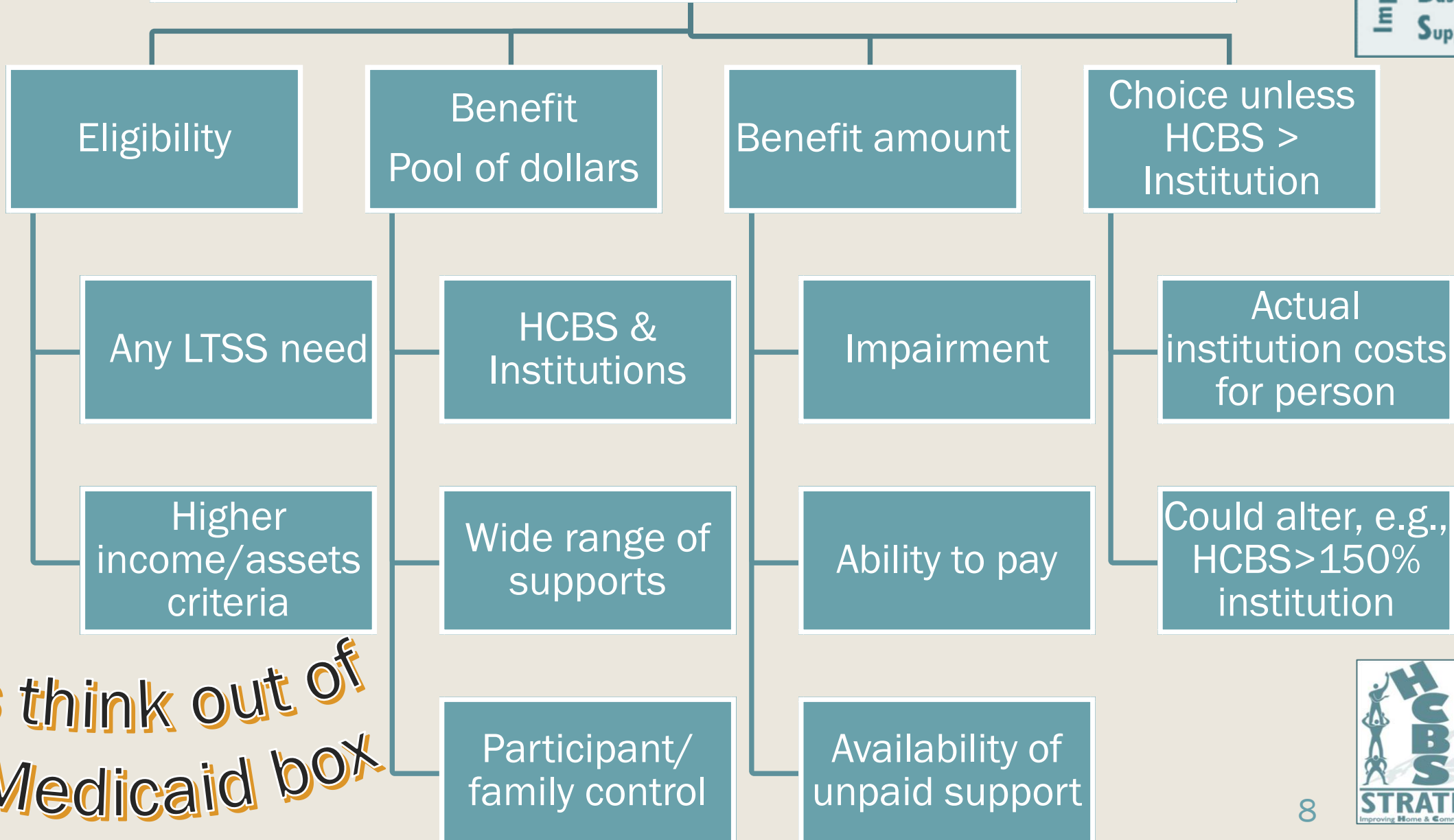
Supporting families so they can provide support

Using as little government funded support as possible

Restructured LTSS benefit

Potential Components of a Restructured LTSS Benefit

Improving Home and Community Based Supports



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Let's think out of the Medicaid box



TRANSITION RATES OF MEDICAID BENEFICIARIES AGE 65+ FROM THE COMMUNITY TO NURSING HOMES:2006-2009

Rosemary Borck, Bob Schmitz (Mathematica Policy Research)
and Pamela Doty, John Drabek (U.S. DHHS/ASPE)

NASUAD HCBS Conference 8/30/2017

Baltimore, MD

DATA Source

- ▣ Medicaid Analytic Extract (MAX) claims files 2006-2009
- ▣ FFS claims only (no MLTSS encounter data available)
- ▣ Excluded states had too much missing data (including, in some states, all or too substantial a proportion of elderly Medicaid beneficiaries enrolled in MLTSS).
- ▣ The shift to MLTSS has greatly limited the usefulness of more recent MAX files to study “re-balancing” toward greater reliance on HCBS versus NF among elderly enrollees and their transition rates from the community to NF care.

Study Population

- ▣ Medicaid enrollees aged 65 and older (on or before December 31, 2006) in the 39 states.
- ▣ Classified into the following, mutually exclusive categories:
 1. Nursing home users at any time during 2006 (whether or not they also used HCBS)
 2. HCBS users at any time during 2006 who had no nursing home use. Subcategorized as users of HCBS waiver services (who might also be recipients of state plan personal care services) and users of state plan PCS only.
 3. Other elderly Medicaid enrollees with no NF or HCBS use.

Medicaid Enrollees' Use of LTSS in 2006

- ▣ About 40 percent of the 3.2 million older adult Medicaid enrollees in our study used some type of Medicaid LTSS in 2006.
- ▣ About half of the LTSS users used NF and half used HCBS.
- ▣ HCBS users were split almost evenly between users of waiver HCBS (10.3 percent) and state plan PCS (9.5 percent).
- ▣ Of the 39 states in our study, 20 offered both waiver HCBS and state plan PCS; 19 offered only waiver HCBS.

Interstate Variations in LTSS Use

- ▣ Across states, the proportion of older adult enrollees who used LTSS in 2006 differed substantially.
- ▣ In SC, TN, and UT less than one third of older adult enrollees used LTSS compared to 70 percent in IA, KS and WY.
- ▣ The balance between NF and HCBS use also varied considerably across states.
- ▣ In IA about 42 percent of older adult enrollees used NF and 32 percent HCBS (relatively high rates for both).
- ▣ In OR half of older adult enrollees used HCBS and fewer than 15 percent used NF
- ▣ These proportions were almost exactly reversed in SD where half used NF and 16 percent used HCBS.

National Transition Rates

- ▣ Nationally (all 39 states), the one year transition rate (from the end of 2006 to the end of 2007) of elderly Medicaid beneficiaries from the community to long-stay nursing home care (60 or more days on Medicaid) was 3.5 percent.
- ▣ Over three years (that is by the end of 2009), this percentage rose to 7.5%.
- ▣ The likelihood of transitioning to nursing home use over three years rose by age, from just under 4 percent of enrollees aged 65-74 to 17 percent of enrollees aged 85 and older.

Transition Rates and Use of HCBS

- ▣ Not surprisingly, the likelihood of transitioning to nursing home care was higher among older adult enrollees who used HCBS (either waiver HCBS or state plan PCS) in 2006, but the majority of HCBS users continued to live in the community and receive HCBS over the entire three years.
- ▣ Again, because PCS programs serve individuals who do not necessarily meet NF level of care requirements, the transition rates from HCBS waiver programs are higher on average than from PCS programs.
- ▣ This does not mean that HCBS is ineffective in preventing/postponing NF use.

Inter-state Variations in Community to NF Transition Rates

- ▣ Interstate variations in transition rates were sizable.
- ▣ They ranged from less than 5 percent over the three year period in CA and AK to at least 20 percent in ND and SD.
- ▣ Rates of transition among HCBS users also varied: less than 10 percent of HCBS users in AK transitioned to NF care whereas the transition rate was more than 30 percent among HCBS users in NE, ND, and SD.

Transition Rates for Non-HCBS Users

- ▣ Older Medicaid enrollees living in the community who do not receive HCBS may qualify on the basis of poverty (SSI eligibility or high medical care use) rather than disability, but they may also have disabilities that don't meet their states' HCBS coverage requirements.
- ▣ Rates of transition from the community to NF without prior HCBS use were especially high in ND (16.9%), IN (14.2%), SD (14%), NH (13.2%), IA (12.4%), NE (12.3%) – well over twice the national average (5.7 %).
- ▣ Five of these same states also have unusually high transition rates from HCBS waiver programs: SD (44.6%), NE (35.7%), ND (34.4%), IN (28.2%) and NH (28%) compared to the all-states average of 17.3%.
- ▣ Three of these states have PCS programs, also with unusually high transition rates: ND (36.4%), SD (24.6%), and NE (14.6%) compared to the all-states average of 8.7%.

Correlates of Lower than Average Transition Rates

- ▣ Percentage of expenditures for LTSS going toward HCBS among older adult enrollees.
- ▣ Percentage of older adult LTSS users receiving HCBS.
- ▣ Except for Florida, all the states with the lowest transition rates have much higher rates of expenditures for HCBS vs. NF compared to other states (AK, CA, WA, OR, NY).
- ▣ Percentage of new Medicaid LTSS users first receiving HCBS.
- ▣ Generosity of HCBS benefits, as measured by average Medicaid LTSS expenditures per older adult HCBS user and per older adult state plan PCS users.

Relationship of Nursing Home Access/Availability to Transition Rates

- ▣ Nursing home beds per 1,000 state residents aged 65+ correlates significantly with higher transition rates.
- ▣ However, a couple of states with much lower than average NF bed ratios (FL and SC) – which also do not score highly on measures of “re-balancing” toward HCBS are among the states with the lowest transition rates to NF care.
- ▣ Percentage of nursing home residents whose MDS assessments indicate low care needs correlates with transition rates.

Conclusion

- ▣ Our findings suggest that state policies promoting increased reliance on HCBS and/or limiting the supply of NF beds can be effective in reducing nursing home use.
- ▣ Some states have been notably more successful in implementing such policies than others.
- ▣ Caveats: we could not control as well as we would have liked to for differences in program design, coverage criteria, financial eligibility requirements across states.

Full Report References/Links

- ▣ “Transition Rates from the Community to Nursing Home Care Among Older Adult Medicaid Enrollees, 2006-2009” ASPE Research Brief, 2016, <https://aspe.hhs.gov/pdf-report/transition-rates-community-nursing-home-care-among-older-adult-medicaid-enrollees-2006-2009>
- ▣ Contact: Pamela Doty, Ph.D. Senior Policy Analyst, ASPE/DHHS pamela.doty@hhs.gov



Can Older Adults with Disabilities Afford Paid Home Care?

Richard W. Johnson
Urban Institute

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Can Older Adults Afford Paid Home Care?

- Relatively few adults ages 65+ with severe need for long-term services and supports (LTSS) receive paid home care
 - Severe LTSS need: requiring help with 2+ ADLs for at least 90 days or severe cognitive impairment
 - 30% received care in 2014, up from 25% in 2002 (Johnson 2017)
- Paid LTSS is expensive
 - Most people with LTSS needs have little income or wealth
 - Few have private insurance that covers paid home care
- People with virtually no assets can qualify for Medicaid HCBS
 - But does Medicaid allow recipients to retain enough money to cover community living expenses?

Research Questions

- ➔ • How many older adults can afford to purchase home care?
 - Compare home care costs with income, wealth, and living expenses
 - Adults ages 65 and older not on Medicaid
 - Joint research with Claire Xiaozhi Wang, Urban Institute
- Are income allowances for Medicaid HCBS adequate?
 - Compare state-level income allowances with actual household spending
 - Households headed by adults ages 65 and older with income below 400% of federal poverty level (FPL)
 - Joint research with Stephan Lindner, Oregon Health and Science University

How Many Older Adults Can Afford to Purchase Home Care?

- How many people could cover LTSS costs with their income?
 - Subtracting from income necessary living expenses
- For those who need to dip into their savings to cover LTSS, how long would their wealth last?
 - Using only income and financial wealth
 - Using all available wealth
- How many could finance paid LTSS for at least two years?
- Compare results by disability status

Compare Outcomes for Different Types of Paid LTSS

- LTSS prices are median amounts from Genworth (2013)
- Home care
 - At \$19/hour, 90 hours/month, monthly cost is \$1,710
 - Recipients and spouses must cover housing and food
 - Total available wealth does not include value of primary residence, because recipients must live at home
- Assisted living
 - \$3,450/month (one-bedroom unit)
 - Charges include room and board
 - Assume spouses move into assisted living
 - Total available wealth includes value of home

Compare Outcomes for Different Types of Paid LTSS

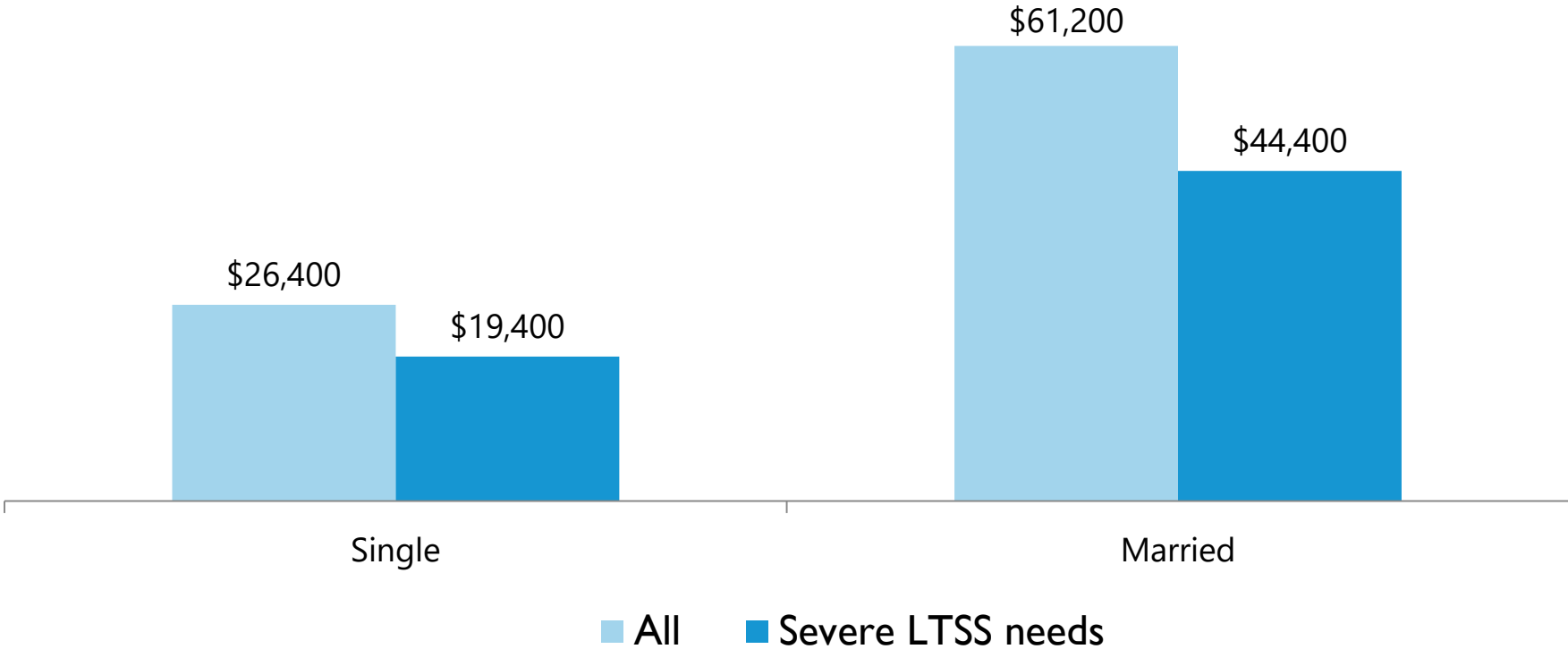
- Nursing home care
 - \$207/day (semi-private room), or \$6,296/month
 - Charges include room and board
 - Total available wealth includes value of home
 - If married, spouse has community living expenses and can't use the home to cover nursing home care

Data

- 2014 Health and Retirement Study
 - Nationally representative longitudinal survey of older adults
 - Collects data on income, wealth, and disability status
 - Respondents report income from previous year
 - Restrict sample to adults ages 65 and older not on Medicaid and living in the community
- Living expenses from Consumption and Activities Mail Survey (CAMS)
 - Supplement to the HRS (completed by subset of respondents)
 - We set required spending equal to median amount within marital status and broad income groups

Older Adults with Severe LTSS Need Have Less Income than Those with Less or No LTSS Need

Median 2013 Annual Income for Adults Ages 65 and Older,
by Marital and Disability Status

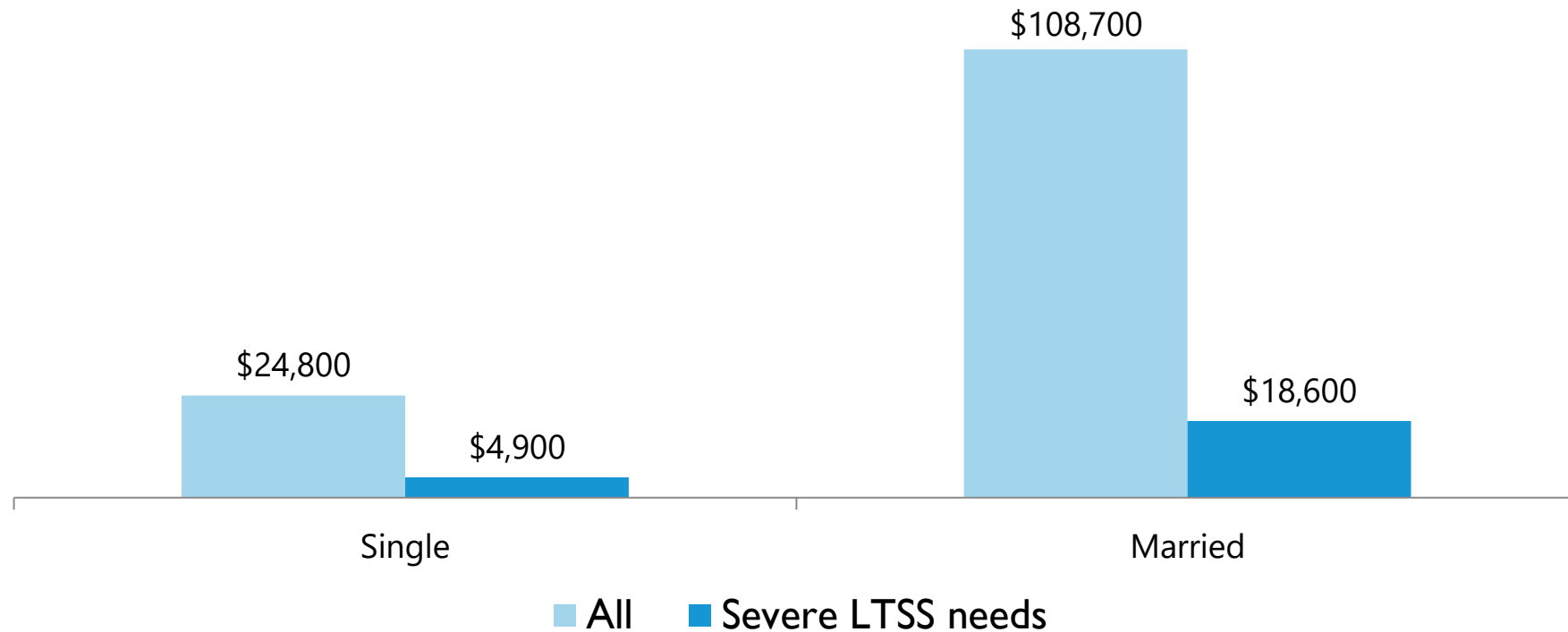


Source: Johnson and Wang (2017), using data from the Health and Retirement Study.

Note: The sample was restricted to adults ages 65 and older who were not on Medicaid and living in the community. Severe LTSS needs was defined as needing help with two or more ADL limitations for at least 90 days or severe cognitive impairment.

Older Adults with Severe LTSS Needs Have Little Financial Wealth, Especially if They Are Single

Median 2014 Financial Wealth for Adults Ages 65 and Older, by Marital and Disability Status

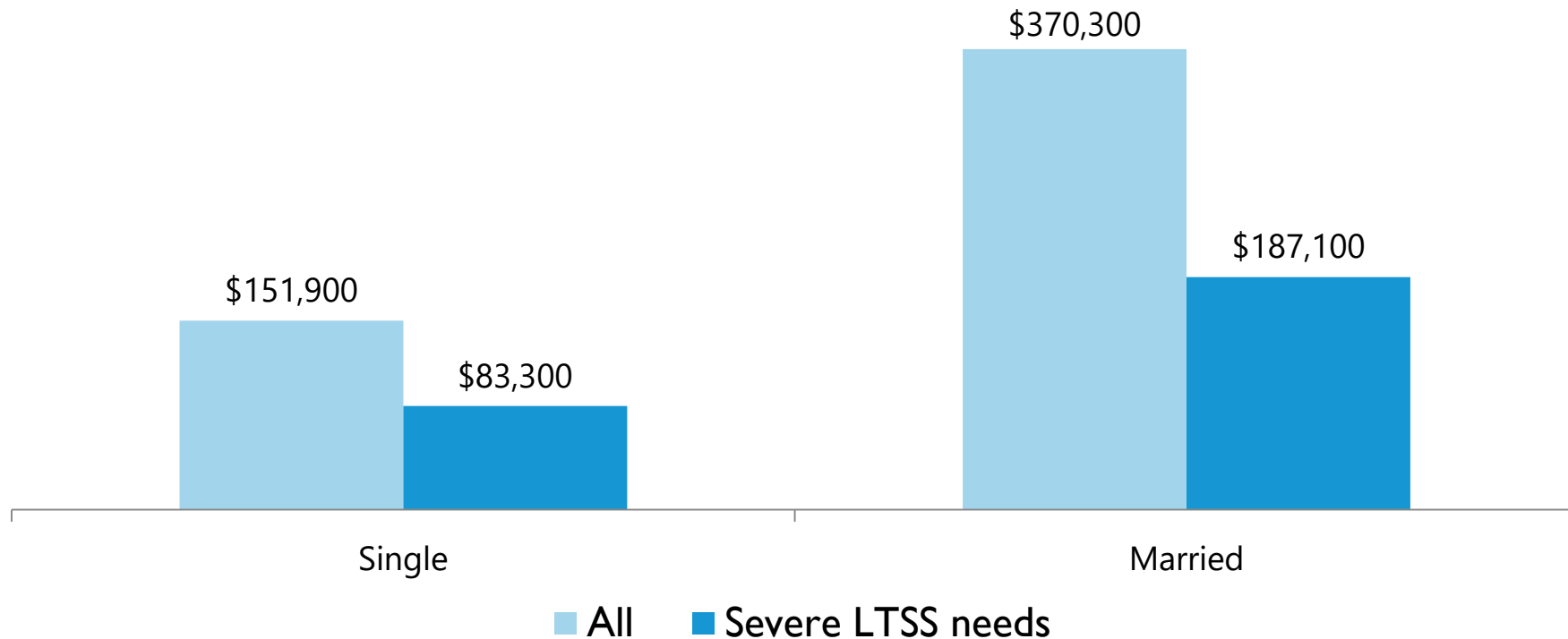


Source: Johnson and Wang (2017), using data from the Health and Retirement Study.

Note: The sample was restricted to adults ages 65 and older who were not on Medicaid and living in the community. Severe LTSS needs was defined as needing help with two or more ADL limitations for at least 90 days or severe cognitive impairment.

Older Adults with Severe LTSS Needs Also Have Relatively Little Total Household Wealth

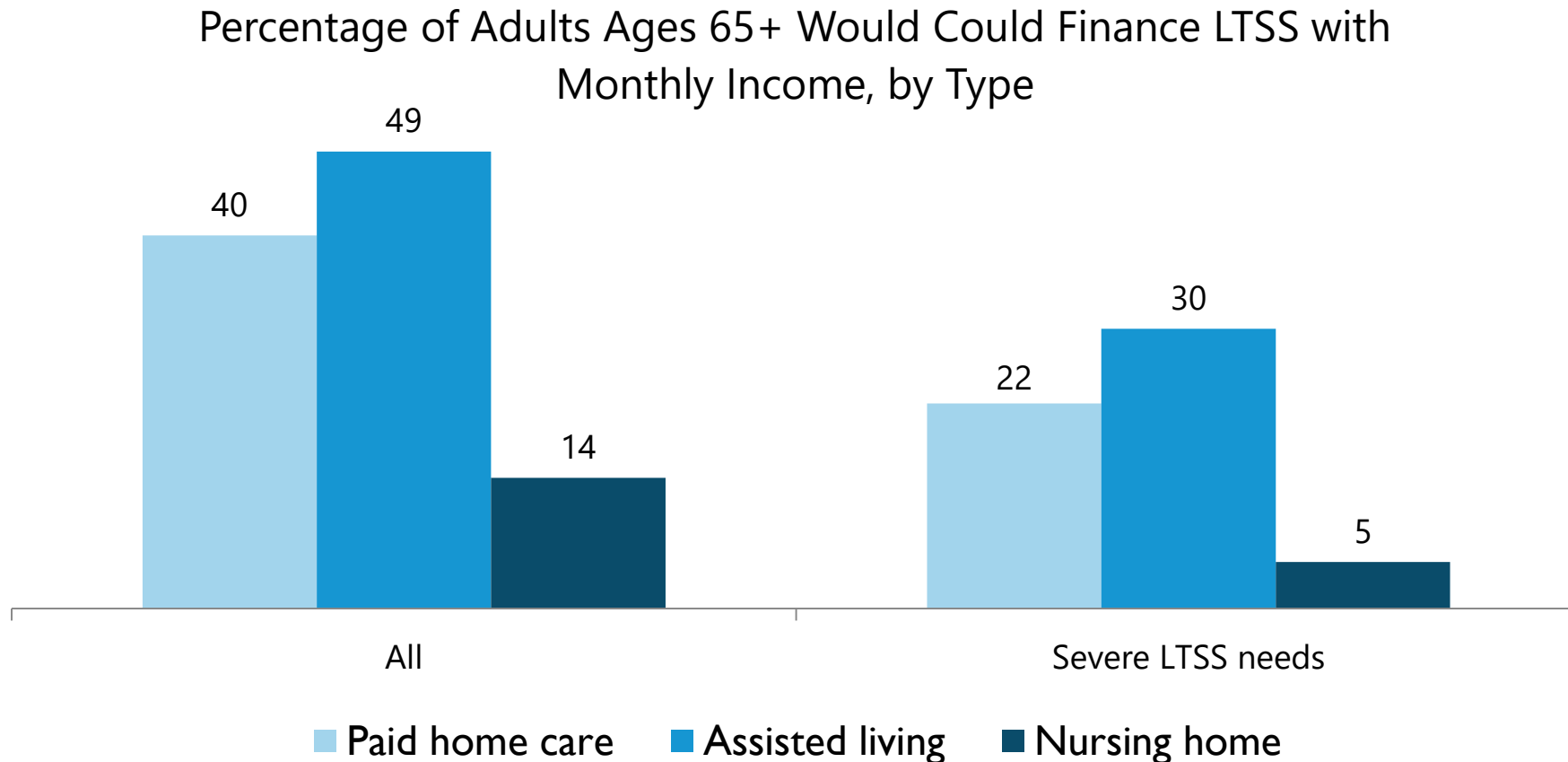
Median 2014 Total Household Wealth for Adults Ages 65 and Older, by Marital and Disability Status



Source: Johnson and Wang (2017), using data from the Health and Retirement Study.

Note: The sample was restricted to adults ages 65 and older who were not on Medicaid and living in the community. Severe LTSS needs was defined as needing help with two or more ADL limitations for at least 90 days or severe cognitive impairment.

Only About One in Four Older Adults with Severe LTSS Needs Have Enough Income to Fully Finance Paid Home Care

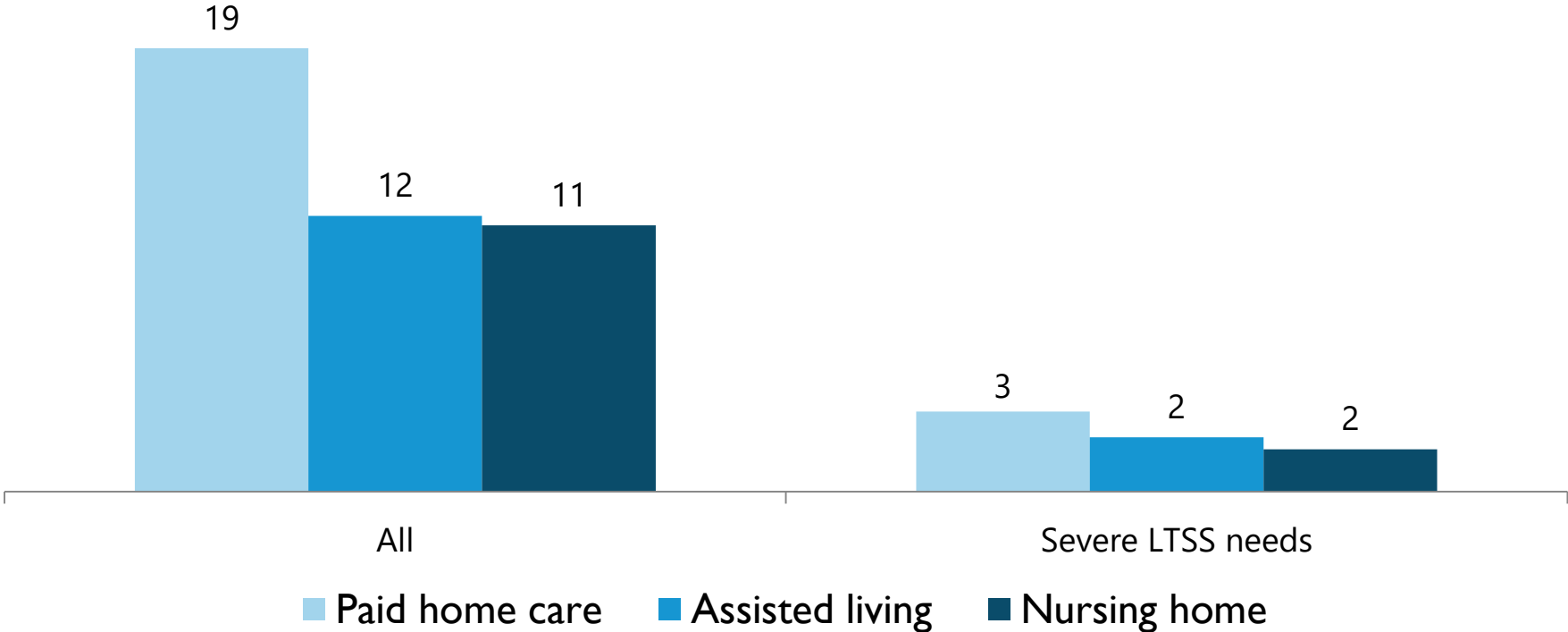


Source: Johnson and Wang (2017), using data from the Health and Retirement Study.

Note: The sample was restricted to adults ages 65 and older who were not on Medicaid and living in the community. Severe LTSS needs was defined as needing help with two or more ADL limitations for at least 90 days or severe cognitive impairment.

Household Savings Could Finance Paid Home Care for No More than Three Months for Half of Older Adults with Severe LTSS Needs and Insufficient Income to Cover Paid Home Care

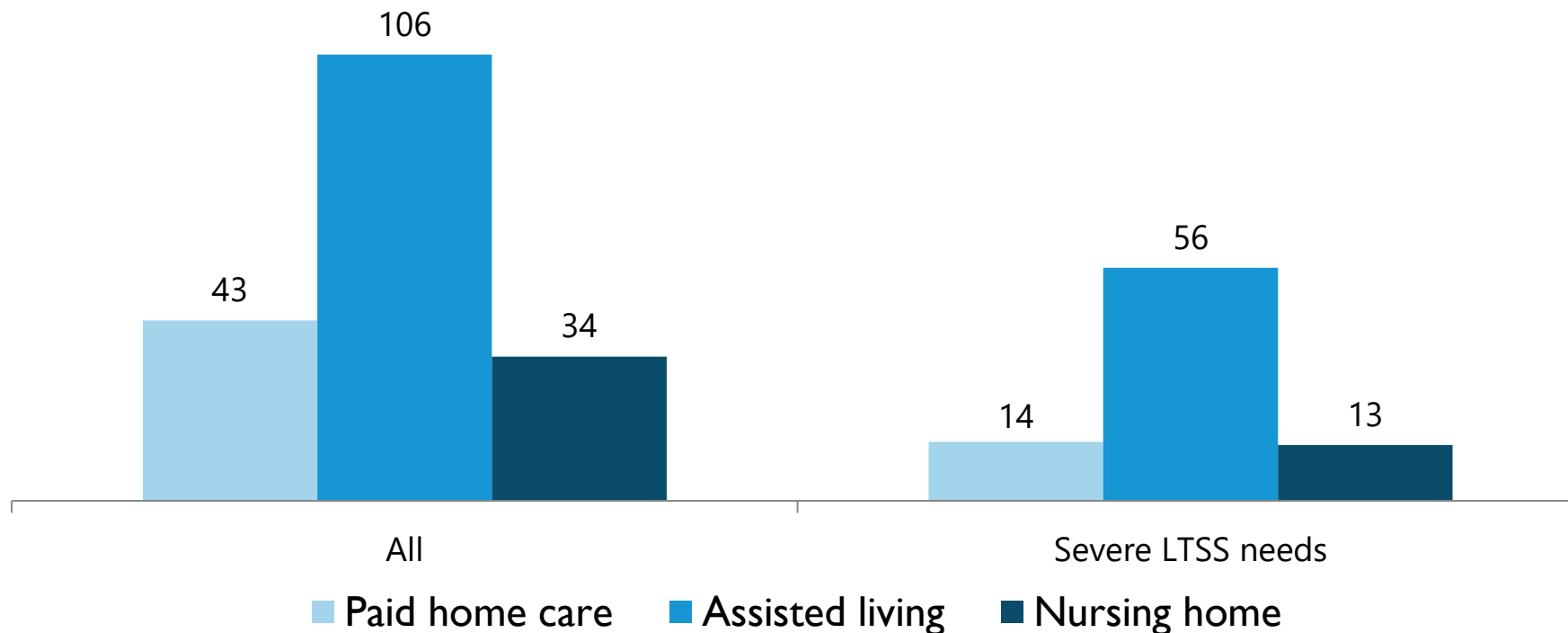
Median Number of Months that Adults Ages 65+ Could Finance LTSS with Their Income and Financial Wealth, by Type



Source: Johnson and Wang (2017), using data from the Health and Retirement Study.
Note: The sample was restricted to adults ages 65 and older who were not on Medicaid, who were living in the community, and who lacked enough income to fully fund their care. Severe LTSS needs was defined as needing help with two or more ADL limitations for at least 90 days or severe cognitive impairment.

Using their Entire Available Wealth, Half of Older Adults with Severe LTSS Needs and Inadequate Income Could Finance Home Care for More than One Year

Median Number of Months that Adults Ages 65+ Could Finance LTSS with Their Income and Total Available Wealth, by Type

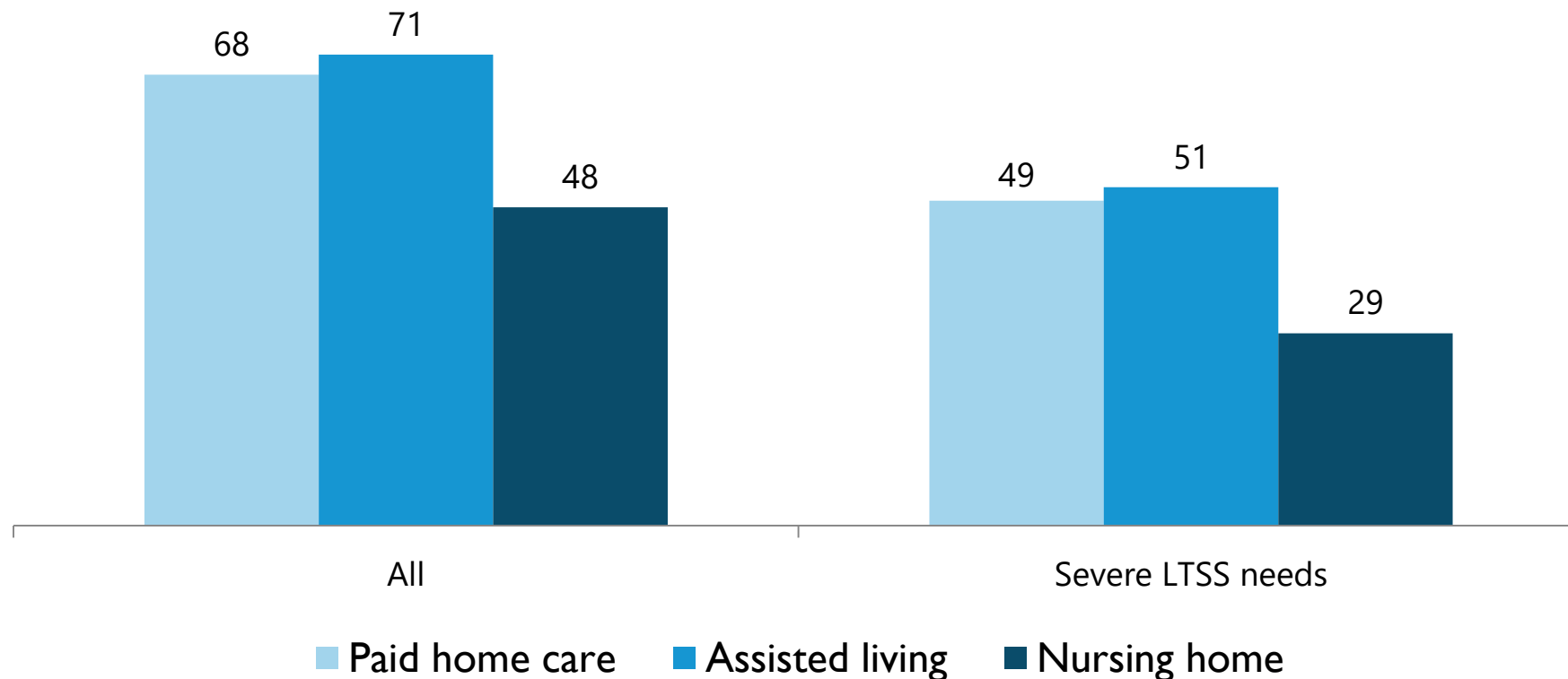


Source: Johnson and Wang (2017), using data from the Health and Retirement Study.

Note: The sample was restricted to adults ages 65 and older who were not on Medicaid, who were living in the community, and who lacked enough income to fully fund their care. Severe LTSS needs was defined as needing help with two or more ADL limitations for at least 90 days or severe cognitive impairment.

Overall, About Half of Older Adults with Severe LTSS Needs Have Enough Income and Savings to Finance Two Years of Paid Home Care

Percentage of Adults Ages 65+ Who Could Finance at Least Two Years of LTSS with Income and Financial Wealth, by Type

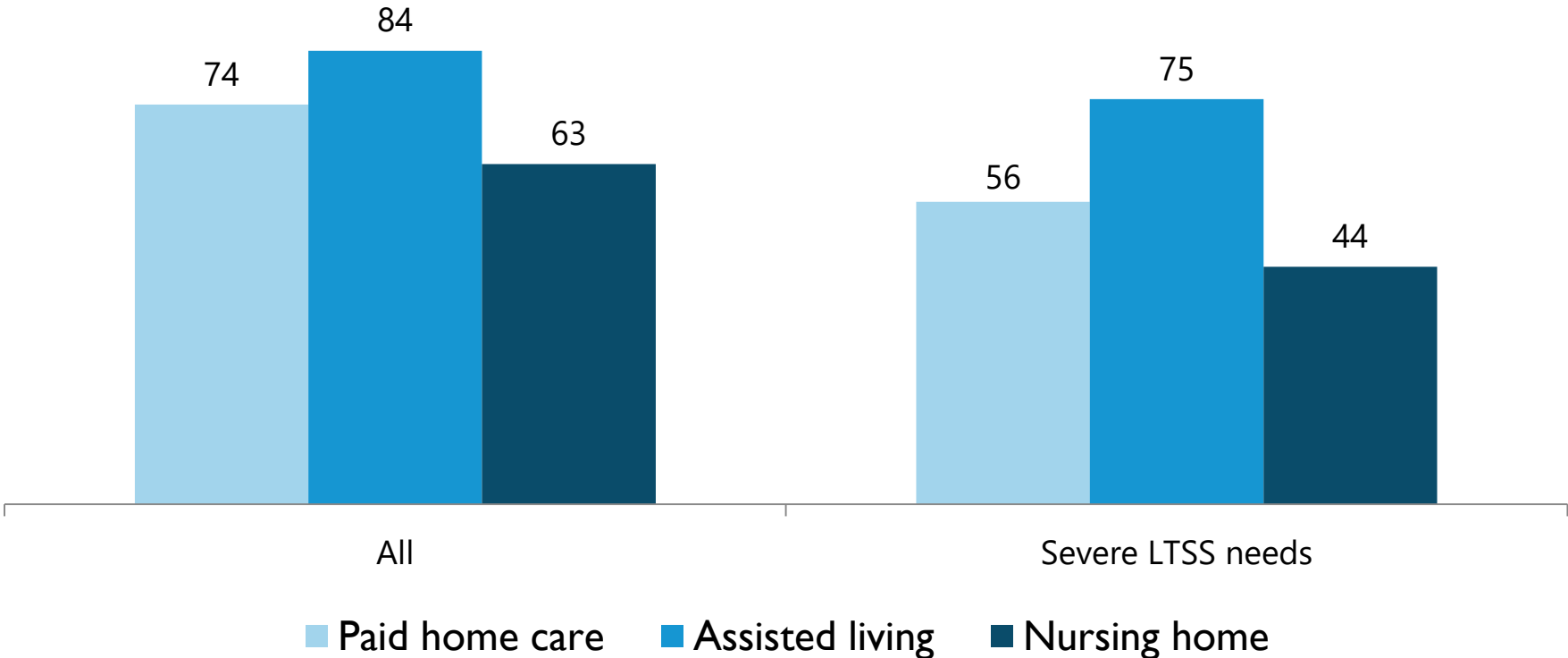


Source: Johnson and Wang (2017), using data from the Health and Retirement Study.

Note: The sample was restricted to adults ages 65 and older who were not on Medicaid and living in the community. Severe LTSS needs was defined as needing help with two or more ADL limitations for at least 90 days or severe cognitive impairment.

Slightly More than Half of Older Adults with Severe LTSS Needs Could Finance Two Years of Paid Home Care if They Used all Their Available Wealth

Percentage of Adults Ages 65+ Who Could Finance at Least Two Years of LTSS with Income and Total Available Wealth, by Type



Source: Johnson and Wang (2017), using data from the Health and Retirement Study.

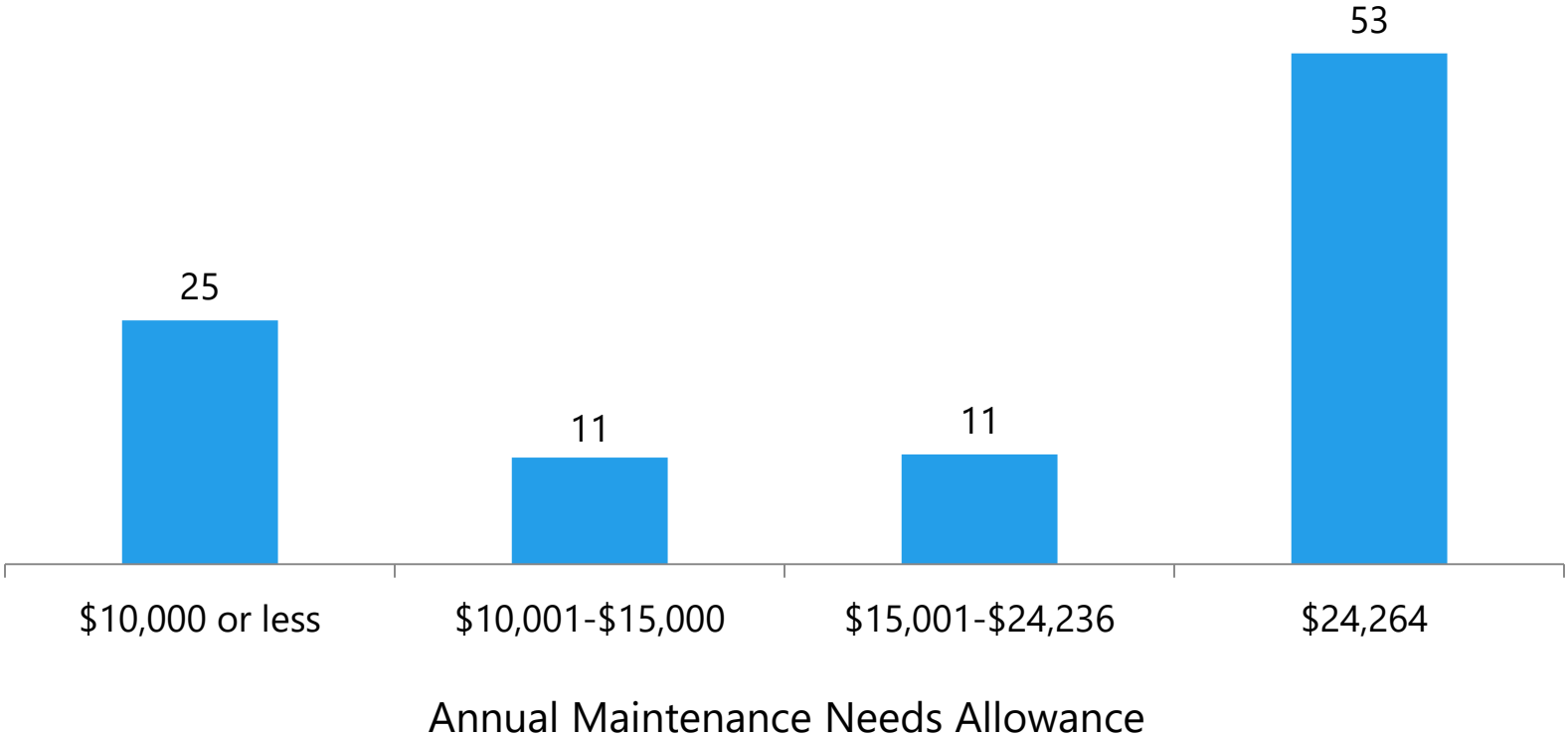
Note: The sample was restricted to adults ages 65 and older who were not on Medicaid and living in the community. Severe LTSS needs was defined as needing help with two or more ADL limitations for at least 90 days or severe cognitive impairment.

Are Income Allowances for Medicaid HCBS Adequate?

- We compared household spending with Medicaid HCBS income allowances
 - State-level allowances came from Walker and Accius (2010)
- Data: HRS and 2009 CAMS
 - We restricted our sample to households with head ages 65+ with income below 400% of federal poverty level (FPL)
 - Excluded households with spouse younger than 65
 - Household was classified as having a disability if head or spouse had an ADL or IADL limitation
 - State identifiers are available on restricted-access version of HRS

One-Quarter of Households Can Retain Only \$10,000 Annually under Medicaid HCBS Rules

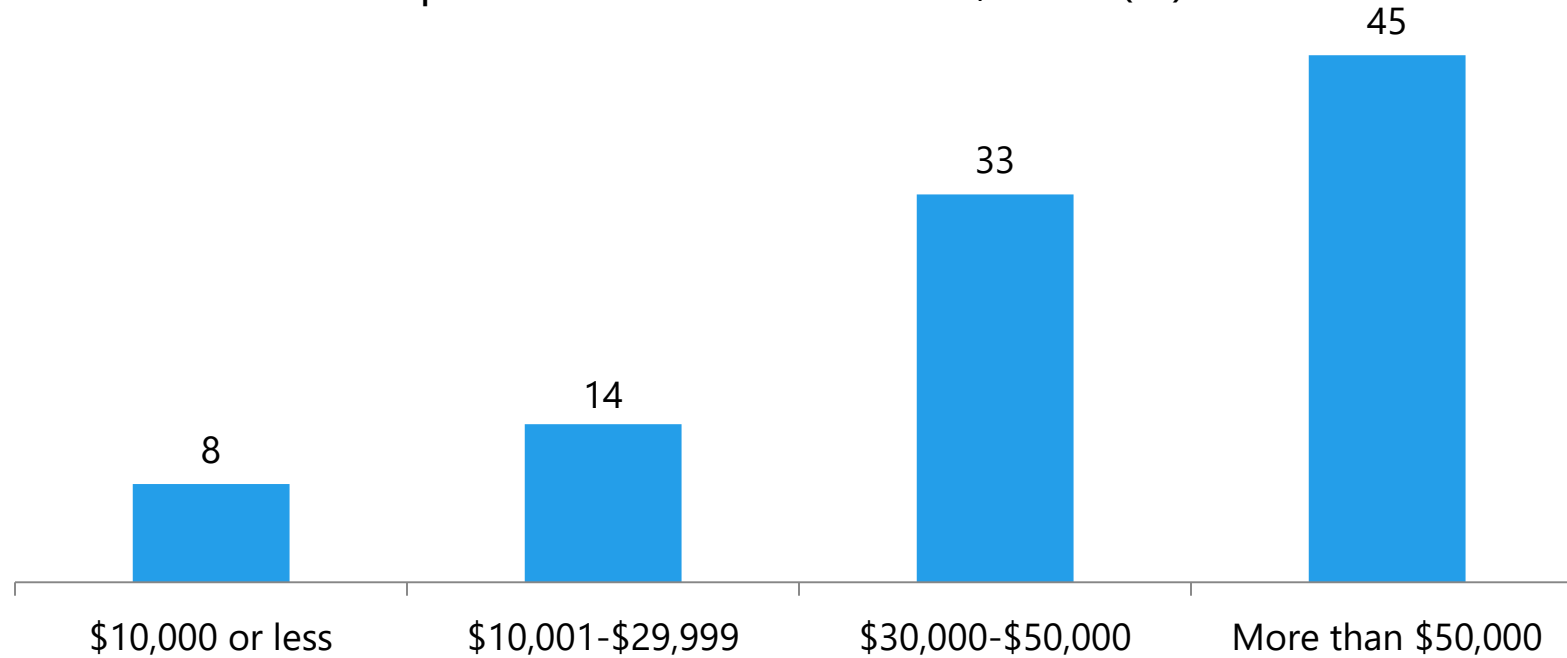
Distribution of Annual Maintenance Needs Allowance, 2009 (%)



Source: Johnson and Lindner (2016), using data from the Health and Retirement Study.
Note: The sample was restricted to households with income below 400% of the FPL.

Spousal Income Allowances Are More Generous

Distribution of Annual Maintenance Needs and Spousal Income Allowances, 2009 (%)



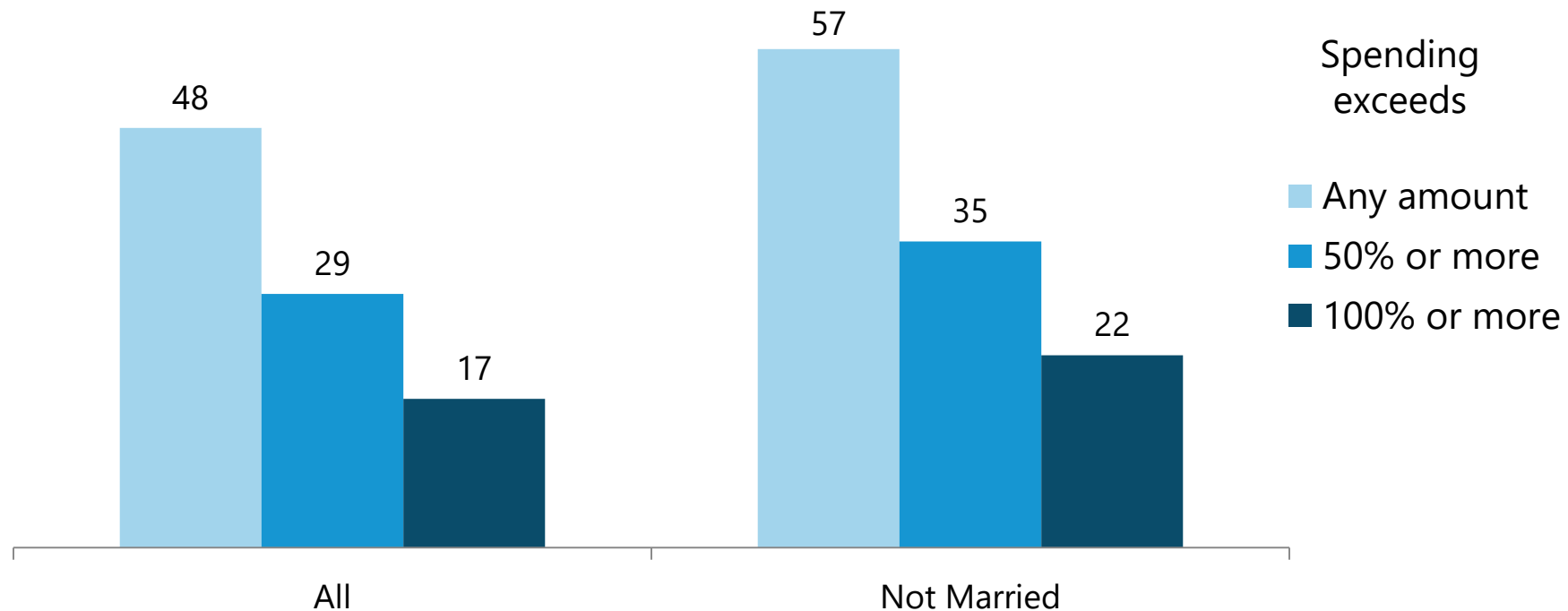
Annual Maintenance Needs and Spousal Income Allowances

Source: Johnson and Lindner (2016), using data from the Health and Retirement Study.

Note: The sample was restricted to households with income below 400% of the FPL.

Nearly Half of All Low- and Moderate-Income Older Households Spend More than Medicaid HCBS Allows

Percentage of Older Households Spending More than the Medicaid HCBS Income Allowances, 2009



Source: Johnson and Lindner (2016), using data from the Health and Retirement Study.
Note: The sample was restricted to households with income below 400% of the FPL.

Conclusions

- Paid home care is unaffordable for many older adults who are not on Medicaid
 - Especially those with severe LTSS needs who could benefit most from such services
 - Unaffordability may explain low prevalence of paid home care
 - Catastrophic insurance generally would not help those who can't cover two years of care
- Assisted living is more affordable
 - Covers room and board
 - Can tap into housing wealth
- Low Medicaid HCBS income allowances may limit access to the program